

Message Text

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ACTION ARA-10

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FM AMEMBASSY BUENOS AIRES

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E.O. 11652: N/A

TAGS: ELAB, SOC, AR

SUBJECT: GOA GENERAL INCREASE IN WAGES AND FAMILY ALLOWANCES

BEGIN UNCLASSIFIED.

1. GOA RELEASED DECREE 1848 ESTABLISHING PERMISSIBLE SALARY INCREASES FOR GOVERNMENT AND PRIVATE WORKERS AS OF SEPTEMBER 1. ANOTHER DECREE 1847 ESTABLISHED THE NEW FAMILY ALLOWANCES RATES. HIGHLIGHTS ARE REPORTED BELOW.

- A GENERAL WAGE INCREASE OF 12 PERCENT IS GRANTED TO PRIVATE AND GOVERNMENT WORKERS AS OF SEPTEMBER 1.

- THE INCREASE MUST BE CALCULATED ON THE BASIS OF THE SALARY IN FORCE ON DECEMBER 31, 1975 PLUS SUBSEQUENT SALARY INCREASES OFFICIALLY APPROVED BY GOA. PRIVATE SALARY INCREASES SINCE APRIL 1976 IN EXCESS OF THAT ESTABLISHED BY GOVERNMENT SALARY POLICY MUST BE DEDUCTED FROM THIS INCREASE.

- COMPANIES ARE AUTHORIZED TO PAY AN EXTRA BONUS TO THEIR EMPLOYEES BUT ONLY IF FOLLOWING CONDITIONS ARE MET:

A) COMPANY PRICES WERE NOT INCREASED DURING THE FOUR MONTHS PRECEDING THE BONUS, B) COMPANY HAS A

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STABLE ECONOMIC AND FINANCIAL POSITION, C) AN INCREASE

IN PRODUCTIVITY CAN BE PROVED AND D) COMPANY STRICTLY FOLLOWED GOA LABOR REGULATIONS, AND E) THE BONUS WILL NOT RESULT IN PRICE INCREASES.

- PAYMENTS OR EXTRA BENEFITS NOT LEGALLY AUTHORIZED MAY SUBJECT COMPANIES TO PENALTIES.

- MINIMUM SALARY FOR SINGLE WORKERS WAS SET AT 11,200 PESOS (U.S. \$45) PER MONTH, 448 PESOS (U.S. \$1.80) PER DAY OR 56 (U.S. \$0.22) PESOS PER HOUR.

- FAMILY ALLOWANCES WERE INCREASED AS FOLLOWS: SPOUSE AND CHILD 12 PERCENT, SCHOLARSHIP 93 PERCENT, MARRIAGE 100 PERCENT AND BIRTH 12 PERCENT. THESE ICREASES ARE EXPECTED TO ADD AN ESTIMATED 3 PERCENT TO THE INCOME OF THE AVERAGE WORKER. END UNCLASSIFIED.
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2. COMMENT: THE LEGISLATION RECOGNIZES THAT SOME COMPANIES HAVE BEEN GIVING THEIR EMPLOYEES SALARY INCREASES, EITHER DIRECTLY OR INDIRECTLY THROUGH GIMMICKS SUCH AS UNREIMBURSABLE "LOANS." WHILE COMPANIES FOUND GUILTY OF GRANTING ILLEGAL SALARY INCREASES ARE SUBJECT TO PUNISHMENT BY BEING DENIED ACCESS TO CREDIT, IT IS APPARENT THAT THE GOA DOES NOT HAVE THE CAPABILITY TO ENFORCE THIS TYPE OF SANCTION. IT IS ALSO APPARENT THAT FEW, IF ANY, COMPANIES CAN MEET THE CONDITIONS REQUIRED TO GRANT EXTRA BONUSES TO THEIR EMPLOYEES. IT IS THEREFORE LIKELY THAT THE RESULT WILL BE AN ACROSS THE BOARD 12 PERCENT INCREASE FOR THE WORKERS COVERED BY THE LEGISLATION.

3. EMPLOYEES WILL UNDOUBTEDLY BE DISSATISFIED WITH THE INCREASE. WHILE THE GOA HAS AUTHORIZED WAGE INCREASES TOTALING ROUGHLY 70 PERCENT SINCE THE BEGINNING OF THE YEAR, THE COST OF LIVING INDEX DURING FIRST SEVEN MONTHS ROSE 186.5 PERCENT AND AN ESTIMATED 200 PERCENT BY THE END OF AUGUST. END LIMITED OFFICIAL USE.
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